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Newly Passed Bills Bring Exciting Changes to Housing

Several bills have recently passed in the Michigan Legislature that will have a major positive impact on housing. Following is a synopsis of the bills.

HB 4787 and 4788 Create Community Development Program, Trust Fund

HB 4787 would amend the State Housing Development Authority (MSHDA) Act to establish the Michigan Housing and Community Development Program. The bill would do the following:

- Require MSHDA to develop an annual allocation plan. The plan would distribute money throughout the state, based on poverty and housing distress;
- Require MSHDA to hold public hearings on the allocation plan;
- Require MSHDA to issue an annual report to the Governor and the Legislature summarizing the expenditures from the fund;
- Allow eligible activities to include grants and loans for land and building acquisition; rehabilitation; new construction; development and predevelopment costs; preservation of existing housing; infrastructure improvements, economic development projects, and community facilities that directly support housing development; insurance; operating and replacement reserves; down payment assistance; security deposit assistance; and support services;
- Eligible applicants would include nonprofit organizations, for-profit organizations, and partnerships approved by MSHDA;
- Make a loan at no interest rate or below market interest rate;
- Target at least 25% of the fund to rental projects;
- Target at least 30% of the fund to projects that target extremely low-income households;
- Target a portion of the fund to special needs populations including the homeless and people with disabilities;
- Require homeownership projects to serve people that earn no more than 30% of median income;
- Finance mixed-income housing projects.

HB 4788

HB 4788 would establish the Michigan Housing and Community Development Fund in the Department of Treasury. The bill would do the following:

- The fund would be administered by MSHDA;
- The state treasurer will invest the money in the fund and credit the earnings to the fund;
- Make money in the fund available for disbursement upon appropriation;
- Require that money is allocated to applicants that can show demand and need for the housing project;
- Require housing projects to be consistent with the housing already in the area and be part of a planned community revitalization strategy;
- Require that MSHDA develop an annual allocation plan based on annual priorities.

The bills are tie-barred together.

HB 6077 Increases Purchase Price and Income Limits in MSHDA Programs

The income and purchase price limits in MSHDA's single family and property improvement programs have not been increased for two years, making them less responsive to market changes. As a result fewer people have been able to qualify for a low-cost MSHDA mortgage.

Description of Bill:

The bill makes the following changes:

- Increases the income and purchase price limits in MSHDA's Single Family and Mortgage Credit Certificate programs;
- Allows MSHDA to finance mortgage loans for 1 to 4 unit owner occupied homes;
- Allows MSHDA to make loans to developers for development of residential housing located in distressed areas for sale to people without regard to income;
- Increases the income and loan limits in MSHDA's Property Improvement program;
- Eliminates state requirements for income in MSHDA's multifamily programs.

The bill is tie-barred to SB 1341.

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SB1341 Extends Sunset on Bonding Authority

MSHDA's bond limit was reduced from \$4.2 billion to \$3 billion on November 1, 2002. If the sunset is not extended it could impact MSHDA's ability to issue bonds in the future.

Description of Bill:

The bill makes the following changes:

- Extends the sunset on MSHDA's bonding authority to November 1, 2007;
- Reduces the amount of time proceeds from a single family bond issue have to be set aside for people with incomes below 60% of statewide median income;
- Allows MSHDA to finance student housing with the approval of the local college or university;
- Makes changes in MSHDA's multifamily Pass Through program;
- Makes changes to MSHDA's effectively treatable areas designation;
- Requires MSHDA to conduct an annual review of investments made by the Michigan Broadband Development Authority.

The bill is tie-barred to HB 6077 (H-1).

MEDIA FLASH

Seventh Annual Michigan Conference on Affordable Housing Planned for June – Planning is well under way for this year's affordable housing conference to be held at the Lansing Center May 17-19, 2005. The largest of its kind in the nation, the conference theme this year is "Partners Building Communities." MSHDA and 27 partners committed to furthering the affordable housing cause in Michigan are planning the 2005 conference that will feature five informative learning tracks which include a wide range of breakout sessions, national keynote speakers, unique entertainment and more. More than 1,500 participants from around the state are expected and we invite all members of the media to attend as well. For further information or to make a media request or recommendation, please contact the Communications Office at (517) 373-0011.

Just a Reminder – We have a standing offer for any members of the media who would like to have MSHDA staff either appear on radio talk shows or television news broadcasts, or provide guest columns or articles for publications. Raising public awareness of MSHDA's many affordable housing options for low- and moderate-income residents throughout the state is always a well-received subject in any news medium, and we would welcome any opportunities you can provide.

MSHDA GRANTS

| <u>Recipient</u> | <u>Amount</u> | <u>Contact Telephone #</u> |
|---------------------------------|---------------|----------------------------|
| HOME | | |
| Big Rapids Housing Commission | \$287,500 | (231) 796-8689 |
| HomeStretch | \$500,000 | (231) 947-6001 |
| Inner City Christian Federation | \$470,000 | (616) 336-9333 |
| Kalamazoo Area Housing Corp. | \$182,000 | (269) 382-0287 |
| Leelanau County | \$335,000 | (231) 334-6224 |

HOUSING RESOURCE FUND

| | | |
|---------------------------|-----------|----------------|
| City of Jackson | \$280,400 | (517) 768-6406 |
| Salvation Army | \$9,100 | (616) 459-9468 |
| Women's Aid Service, Inc. | \$3,300 | (989) 773-7960 |

**MSHDA'S DECEMBER HOMEBUYER AND
PROPERTY IMPROVEMENT PRODUCTION**

| | <u>Number of Housing Units</u> | <u>Dollar Amount</u> |
|--|--------------------------------|----------------------|
| Single Family | 33 | \$ 2,489,078 |
| Michigan Mortgage Credit Certificate (MCC) | 52 | \$ 4,211,533 |
| Property Improvement Program (PIP) | 7 | \$ 119,478 |

MSHDA PUBLICATIONS

MSHDA Focuses on Housing is published monthly and is available on the MSHDA Web site, www.michigan.gov/mshda. Click on "about MSHDA" and go to publications. To receive your own emailed copy of Focuses on Housing, contact Mary Lou Keenon at keenonm@michigan.gov and ask to be added to the mailing list.